

United States Senator

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Chairman, Joint Economic Committee

For Immediate Release
July 9, 2003

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Chairman's Opening Statement

Hearing of the Joint Economic Committee "Technology, Innovation, and the Costs of Health Care"

Good morning and welcome to today's hearing on how technology and innovation affect health care costs.

The United States has a health care financing problem that goes well beyond the budget challenges posed by Medicare. For many years, our health care spending has grown at a significantly faster rate than the economy, and projections indicate that this will continue. Any financial arrangement where expenses grow significantly faster than income is truly on very shaky ground.

In other sectors, new technologies usually lead to greater efficiencies and lower costs, yet it is unclear whether the same is true for health care. What's different about health care? Is it the technology or the way we pay for it?

How can we strike the right balance—providing access to the latest breakthrough technologies, while limiting an open-ended raid on the public and private treasuries that fund our health care?

During this hearing, we will explore these issues, bringing together some of the best minds from the public and private sectors to help shed some light on this situation.

We should first question whether technology and innovation have truly added to health care costs, as some claim, or have reduced health care costs through enhanced efficiency.

Secondly, we should examine whether new technologies are disseminated in an efficient and effective manner, and if there are areas where they are being overused or underused. For example, some have expressed concern that advanced imaging technologies may be overused, in part because of poor incentives in the payment formulas used by Medicare and other insurers. At the same time, an article in this week's *Health Affairs* highlights how new technologies may be underused in treating people who lack health insurance.

We need to find the right balance. We need to judge the cost-effectiveness of new technologies, so that we properly fund this critical work, without overpaying and adding additional upward pressure on health care spending.

Unlike most of the recent congressional debate on health care, this hearing is not about Medicare or its coverage of prescription drugs. However, this issue is crucial to Medicare and every other health care purchaser that faces the dilemma of how to add innovative new benefits without setting off an explosion of health care costs.

On our first panel, we are privileged to welcome Dr. Mark McClellan, the Commissioner of the Food and Drug Administration, and Dr. Carolyn M. Clancy, the Director of the Agency for Healthcare Research and Quality (AHRQ).

Our second panel will provide further insights on health care innovation. We are privileged to have Dr. Peter Neumann, Associate Professor of Policy and Decision Sciences at Harvard School of Public Health, and Dr. Neil Powe, Director of the Welch Center for Prevention, Epidemiology, and Clinical Research at Johns Hopkins Medical Institution.

We welcome each witness's thoughts on the challenges facing health care today. I want to thank Ranking Member Stark for his interest and help in organizing this hearing and in bringing these distinguished experts before the Committee. I ask all of you to join me in a bipartisan spirit as we engage in this important task.

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